RAJYA SABHA

Monday, the 4th August, 1986/13, Sravana, 1908 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

MEMBERS SWORN

MR. CHAIRMAN: Now, Oath and Affirmations.

SHRI RASHEED MASOOD: Before you administer the oath to the hon. Members, I would like to say something.

MR. CHAIRMAN: Nothing will go on record. You cannot make any submission now. You can make only after the oath is taken.

SHRI RASHEED MASOOD:**(*Interruptions*)

MR. CHAIRMAN: You cannot. Will you please sit down? Nothing will go on record.

SHRI RASHEED MASOOD: **(*Interruptions*)

MR. CHAIRMAN: You have no right to speak.

SHRI RASHEED MASOOD: **(*Interruptions*)

MR. CHAIRMAN: Don't take down anything what he says.

SHRI RASHEED MASOOD: **(*Interruptions*)

MR. CHAIRMAN: You please sit down. I am going to take action now. Once, twice, thrice, I will name you. This is very improper and very rude.

1. Shri Bhajan Lal (Haryana)

2. Shri Surender Singh (Haryana)

MR. CHAIRMAN: Nothing, what the Member said, shall be reported by the Press.

**not recorded.

ORAL ANSWERS TO QUESTIONS

New oil refinery in Assam

†*241. SHRI NAGEN SAIKIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have allocated sufficient funds for the establishment of a new oil refinery in Assam in terms of the Assam Accord;

(b) whether it is also a fact that though there is a band of high oil technicians in Assam, nobody from among them has been included in the team of experts constituted for survey work;

(c) what will be the refining capacity of the proposed refinery; and

(d) from which year Government propose to start the new refinery?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER, AND MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI SUSHILA ROHATGI): (a) to (d) A statement is laid on the Table of the House.

Statement

During the negotiations leading to the Assam Accord, Government of India have agreed, *inter-alia*, "to establish an oil refinery in Assam, Government will render all possible assistance in terms of institutional and bank finance to facilitate the establishment of a refinery in the private sector." The request of any private party for setting up of a refinery in Assam will be considered by the Government in the light of the above.

It will be for the private party to undertake a detailed survey for preparing the feasibility report for the refinery. However, Government had

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†Previously Starred Question 41 postponed from the 21st July, 1986.

constituted a team to study the availability of crude oil and related matters on which information would be useful to a private party interested in setting up the refinery. An expert from the Bongaigaon Refinery was associated with the study team.

SHRI NAGEN SAIKIA: Sir, it has not been mentioned in the Assam Accord that the proposed refinery, as mentioned in the paper tabled here by the Minister will be established in the private sector. The only line included was "oil renfiery will be established in Assam". I have got a copy of the Accord in my hand and there is only one line that has been included in the paper.

Secondly, Assam is the highest oil producing State in the country, but Assam is getting oil refineries as consolation prizes to the people of the State. For example the AOC has the capacity of refining only about 0.5 million tonnes, Gauhati Refinery has the capacity of only 0.80 million tonnes oil, while Barauni has the capacity of refining about 3.00 million tonnes and the Haldia has the capacity of 2.00 million tonnes. Crude to these two refineries is fed by the Assam State only. There is enough oil in Assam also to establish a refinery of the refining capacity of at least five million tonnes as envisaged by some oil technicians in Assam. Therefore, Sir, will the Minister be pleased to state, whether the Government is sincere enough to establish a refinery in Assam? Why the Government is not establishing the proposed refinery in the public sector? There is a lot of potentiality, natural resources and the public sector will provide employment to a number of people.

SHRIMATI SUSHILA ROHATGI: Sir, while negotiations were going on the Government has set in the process of negotiations and agreed to help in the institutional and bank finances in setting up of a finery in the private sector. Therefore, Sir, there is no question of giving any consolation prize to Assam. As a matter or fact, the three refineries which are located in Assam, there are expansion programmes in the Seventh Plan. For Bongaigaon refinery Rs. 250 crores had been earmarked for the expansion during the Seventh Plan itself; and also for the modernisation of the Digboi refinery which is one of the oldest refineries in the country. If we have to be sincere in what we have said during the negotiations that the new refinery has to be set up in the private sector, we have to do it. This was agreed to earlier.

MR. CHAIRMAN: Second supplementary.

SHRI NAGEN SAIKIA: Sir, India is said to be taking the path of 'socialist economy'. Then setting up of a refinery in the private sector, is it an instance of 'socialist economy'? I have another point, whether it is also a plea, not to establish the refinery in the public sector in order to provoke the people of the State which is most neglected region in the country...

MR. CHAIRMAN: No question should contain any insinuation.

Such question will be disallowed. Now, Mr. Satya Prakash Malaviya.

SOME HON. MEMBERS: Sir, there is no insinuation in his question.

SHRI NAGEN SAIKIA:..., and provoke the people to launch an agitation.

MR. CHAIRMAN: That is not the question. You should not put the question in that form.

SHRI NAGEN SAIKIA: All right. India is said to be taking the path of a 'socialist economy' then is it an instance of allowing a refinery in the private sector?

MR. CHAIRMAN: Very good. Very properly put.

SHRIMATI SUSHILA ROHATGI: Sir, it was also agreed to set up the refinery in the private sector. Already

two private companies have sent their offers and they are under examination. Then the refinery will be set up in the private sector.

MR. CHAIRMAN: The point the Member made was that you say your's is a socialist economy. Is it right to go in the private sector? You must have some answer.

SHRIMATI SUSHILA ROHATGI: Sir, we are having a mixed economy.

MR. CHAIRMAN: Now the answer is clear. The Minister says that we are having a mixed economy and, therefore, it is proper.

SHRIMATI BIJOYA CHAKRAVARTY: Sir,...

MR. CHAIRMAN: You will get a chance. Now, Mr. Satya Prakash Malaviya.

श्री सत्य प्रकाश मालवीय : मान्यवर, मंत्री जी ने जो विवरण रखा है, उसमें यह बताया है कि सरकार ने कच्चे तेल की उपलब्धता और संबद्ध मामलों का अध्ययन करने के लिये एक दल का गठन किया है, तो मैं यह जानना चाहता हूं कि क्या यह सत्य है या नहीं कि असम में सिलचर के पास हाल ही में चटगांव में तीन कुओं में तेल का पता चला है, साथ ही कच्छार जनपद में भी कुओं की खुदाई हो रही है और इनसे अक्तूबर में तेल मिलने की बात है ? चूंकि यह बात आज ही भारत सरकार ने आकाशवाणी से स्वयं सुनी है, इसलिये मैं यह जानना चाहता हूं कि समाचार में कहां तक सत्यता है और क्या इस बात की जानकारी भारत सरकार को है या नहीं है ?

श्री मती सुशीला रोहतागी: सर, इस तथ्य की कोई पुष्टि नहीं हुई है, इसलिये अभी इस पर कुछ कहना उचित नही होगा ।

SHRI NIRMAL CHATTERJEE: Sir, I do not know who are these two private companies. What are the proposals involved—how much of private capital, how much of loan from the term financial institutions as well as from the commercial banks? What is the fraction that will be available from the private sources? What is the residual that would follow from the public sector institutions?

SHRIMATI SUSHILA ROHATGI: Sir, the two private companies which have sent their offers are: (i) The National Insulated Cable Company, Calcutta and (ii) The B.D. Steel Casting Ltd., Bombay. They have just sent their offers. The rest of the things like techno-economic viability are being examined and looked into. We are not in a position to give the details.

SHRI NIRMAL CHATTERJEE: She has not said about the financial part of it at all.

MR. CHAIRMAN: She says: it is too early to say.

SHRI NIRMAL CHATTERJEE: That is your statement. She has not referred to the financial part at all. She has merely said about the techno-economic part.

MR. CHAIRMAN: You have not heard her fully. What she said was: they have made an application; it has got to be examined from the techno-economic aspect, and then the decision will be taken. It is only after that the financing will come, Mr. Balaram.

SHRI N. E. BALARAM: According to newspaper reports, a widespread agitation is going on in Assam for establishing this refinery in the public sector. The Minister has stated that according to the accord, it has to be in the private sector. I think we need not buy so many problems again. Would it not be better to re-think about this question?

SHRI NARAYAN DATT TIWARI: Sir, the Home Minister in his announcement before Parliament and in keeping with the spirit and the text of the negotiations, said:

"Secondly, in order to accelerate the industrial and educational development, the Government of India

have agreed to establish an oil refinery in Assam. Government will render all possible assistance in terms of institutional and bank finance to facilitate establishment of a refinery in the private sector."

So, the Chief Secretary of the Government of Assam met the Secretary, Petroleum and discussed this matter. They have had discussions so that the Assam Government can also invite other parties along with the two who have already applied. And the Assam Government will try to identify the private party which can establish this refinery and then the feasibility report will be prepared. The Industry Minister of Assam met me only the day before yesterday and I had the privilege of meeting the Chief Minister of Assam also. I do not think that there should be an agitation on this question when it is already agreed that a refinery has to be set up. Now it would be a controlled refinery. Even if it is a private sector refinery, it will be all under the financing of the financial institutions—most of it— the refinery which is to be established in terms of the conditions and on the acceptance of the feasibility report. So I think that the essence of the matter is the establishment of the refinery, and that should be established. There is no reason why it should not be established. The only question is refining of crude. Either we can have it in the expansion programme or we can have it in the new refinery. We will prefer this new refinery because this is part of the spirit of the accord.

SHRIMATI BIJOYA CHAKRAVARTY: Mr. Chairman, Sir, I would like to know what the hon. Minister means by "controlled refinery". Secondly, I would like to know whether, in agreeing to establish the refinery in the private sector, the Minister will be helping the private agencies to exploit Assam. I want to cite one example here. One of the by-products of the refinery is the aromatic substance, and that is bought from Assam at Rs. 2800.68. From this aromatic substance, paint and pesticides are produced. And this is sold back in Assam at a staggering price of Rs. 60,000. So is it a fact that this will inspire those private companies to exploit Assam in this way again?

SHRI NARAYAN DATT TIWARI: The hon. Member has asked what we mean by "controlled refinery". That means, the distribution, the marketing of this would be under the control of the Government. The financial control will be of the Government. The financial institutions will be on the board of the undertaking. All these precautions will be there. That is what I meant. *(Interruptions)* So far as aromatics are concerned, the Bongaigaon renfiery already has a petrohemical complex and we can expand the petro-chemical part of the Bongaigaon complex, which can utilise the raw material from the new refinery.

SHRIMATI BIJOYA CHAKRAVARTY: There is no petro-chemical complex . . .

MR. CHAIRMAN: No. Mr. Chitta Basu.

SHRI CHITTA BASU: May I know from the hon. Minister whether the Government have so far made any assessment of the total potential of oil and gas in Assam? If so, whether it is not a fact that the total potential is not being utilised within Assam eiher through refineries or other ways. Would the Government take steps to see that the crude available in Assam is refined within Assam so that the hopes and aspirations of the people of Assam are fulfilled to some extent? May I also . . .

MR. CHAIRMAN: So many questions.

SHRI CHITTA BASU: It is a part of the same question. If you are careful, I am also careful.

MR. CHAIRMAN: I am very careful. I am allowing you to put a number of questions.

SHRI CHITTA BASU: I have seen for myself that quite a lot of amount of gas is being burnt out. What steps does the Government propose to take to utilise it for some other purpose instead of burning it away?

SHRI NARAYAN DATT TIWARI: The establishment of refineries in Assam or elsewhere has been a historical development. It does not mean only the refining capacity. It also means distribution where the consumption of petroleum products is there. There are specific centres where the need for these petroleum products, diesel, petrol, etc. is more. We have to have refining capacity in areas where it works out more economical to the consumers. We have to have refineries in those parts of the country where the consumption is more. We have a refinery in the State of the hon. Member at Haldia. The State of West Bengal is a major consumer. The hinterland of Calcutta is there. Ther is a refinery at Barauni. The historical development has been to put up refining capacity in other parts of the country also which are the consuming centres. That does not mean that we should not have refining capacity in Assam. Therefore, as my colleague has already mentioned, we are also having it in Assam. This permanent feature of the new refinery in Assam is exactly what the hon. Member has mentioned and it is to have more refining capacity in Assam so that they get all the petroleum products that is produced there. Some may be used within Assam and the remaining has to go outside Assam.

About gas, the Chief Secretary of Assam discussed this matter only a few days back with our Secretary of Petroleum. The Gas Authority and the Engineers India Limited are now in the process of preparing a preliminary study. A representative of the Assam Government will also be associated in this matter. The feasibility report is being prepared.

श्री राम चन्द्र विकल : मैं माननीय मंत्री जी से जानना चाहता हूं कि सर्वे डिपार्टमेंट गवर्नमेंट का है जो सर्वे करता है, उस पर खर्चा होता है, तो इसे प्राइवेट सेक्टर में देने की क्या जरूरत है ? क्या आपने असम सरकार से विचार-विमर्श किया और क्या वे आपके इस प्रस्ताव पर इसे प्राइवेट सैक्टर में खोलने के लिये तैयार हैं ? केन्द्र और राज्य सरकारों को पब्लिक सैक्टर को प्राथमिकता देनी चाहिये, क्या आपने इस पर विचार किया है ?

श्री नारायण दत्त तिवारी : श्रीमन् हमारे अनुभवी विद्वान सदस्य ने जो कहा, उसके बारे में मैं यह बताना चाहता हूं कि यह असम समझौते का एक भाग है और उस समय रात दिन इस पर विचार-विमर्श हुआ था । तब यह निर्णय किया गया कि संसाधनों की कमी को देखते हुये व्यक्तिगत क्षेत्र में इसकी स्थापना की जाए । लेकिन जैसा कि मैंने कहा इसका नियंत्रण तो अन्ततोगत्वा राज्य का ही होगा । इसकी क्रय-विक्रय प्रणाली राज्याधीन ही रहेगी । इसलिये उसमें अधिक चिन्ता करने की बात नहीं है ।

Separate Fund for Development of Small Scale Units

*242. SHRI KAPIL VERMA:†
SHRI KALPNATH RAI:

Will the Minister of INDUSTRY be pleased to state:

(a) whether Government propose to set up a separate fund for the development of small scale units in the country; and

(b) if so, what are the details thereof and the plans drawn up for its utilisation?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL

†The question was actually asked on the floor of the House by Shri Kapil Verma.